DOCKET FILE COPY ORIGINAL *PUBLIC VERSION*

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

ORIGINAL

Application by Verizon Pennsylvania, Inc., Verizon Long Distance, Inc., Verizon Enterprise Solutions, Verizon Global Networks, Inc., and Verizon Select Services, Inc., for Authorization to Provide In-region, InterLATA Services in Pennsylvania	))))))))	CC Docket No. 01-138

RECEIVED
JUL 11 2001
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

OPPOSITION OF THE COMPETITIVE TELECOMMUNICATIONS ASSOCIATION

Robert J. Aamoth
Steven A. Augustino
Andrew M. Klein
Jennifer M. Kashatus

KELLEY DRYE & WARREN LLP
1200 19th Street, N.W.
Washington, D.C. 20036
(202) 955-9600

Attorneys for the Competitive Telecommunications Association

Carol Ann Bischoff
Executive Vice President
and General Counsel
Maureen Flood
Director, Regulatory and State Affairs
COMPETITIVE TELECOMMUNICATIONS ASSOCIATION
1900 M Street, N.W.
Washington, D.C. 20036

Dated: July 11, 2001

SUMMARY

The Commission should not even be reviewing Verizon's application for authority to provide long distance services in the Commonwealth of Pennsylvania, because Verizon clearly does not satisfy at least four of the checklist items enumerated in the Act. In recommending Verizon's section 271 application, the Pennsylvania PUC relied upon Verizon's promise, among other things, to remedy Verizon's billing problems. The Commission repeatedly has stated, however, that, in the context of section 271 applications, it cannot rely on promises of future commitments, but must look to whether the carrier satisfies the fourteen point checklist on the date of the application. As demonstrated below, Verizon does not satisfy at least four of the checklist items, and therefore, must deny Verizon's application to provide in-region, interLATA services in Pennsylvania.

Verizon does not satisfy checklist items i, ii, iv, and xiv, and therefore the Commission must deny Verizon's application to provide in-region, interLATA services in Pennsylvania. Specifically, Verizon's conduct demonstrates that it fails the checklist as follows:

- Verizon has failed to comply with checklist item i by denying appropriate access to collocation. Verizon has violated the Commission's space availability requirements and has failed to provide collocation in accordance with the Act.

- Verizon fails checklist item ii by provisioning poor OSS and wholesale billing. First, Verizon does not provision timely and accurate wholesale billing such that competing carriers have a meaningful opportunity to compete. Second, Verizon does not provide competing carriers with complete and accurate reports on the service usage of competing carriers' customers in substantially the same time and manner that it provides to itself. Third, Verizon fails to provide appropriate completion notices.

- Verizon also violates checklist item iv by failing to comply with Commission orders as pertaining to loops.

- Verizon's discriminatory DSL resale policy demonstrates that it is not in compliance with checklist item xiv.

CompTel's members are substantially impaired in their ability to compete in the marketplace as a result of Verizon's anticompetitive practices. Now that the Commission has already granted several RBOC requests for §271 authority, there is no reason for the Commission to lower the bar by approving this substandard filing.

Before the
Federal Communications Commission
Washington, DC 20554

Application by Verizon Pennsylvania, Inc., Verizon Long Distance, Inc., Verizon Enterprise Solutions, Verizon Global Networks, Inc., and Verizon Select Services, Inc., for Authorization to Provide In-region, InterLATA Services in Pennsylvania	))))))))	CC Docket No. 01-138

OPPOSITION OF
THE COMPETITIVE TELECOMMUNICATIONS ASSOCIATION

The Competitive Telecommunications Association ("CompTel") by its attorneys, hereby submits these comments in response to the Commission's *Public Notice* in the above-captioned proceeding.[1] The Public Notice invites interested parties to comment on the Application of Verizon Pennsylvania, Inc., *et al.* ("Verizon") to provide in-region interLATA services in the Commonwealth of Pennsylvania, pursuant to section 271 of the Communications Act of 1934, as amended (the "Act").

Verizon has not demonstrated compliance with several sections of the competitive checklist.[2] Verizon specifically fails checklist items i, ii, iv and xiv. Since Verizon has not made

---

1 *Public Notice*, Comments Requested on the Application by Verizon Pennsylvania, Inc. for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the State of Pennsylvania, DA 01-1486 (June 21, 2001) ("*Public Notice*").

2 47 U.S.C. § 271(c)(2)(B).

such a demonstration, and in light of Verizon's actual performance, the Commission must deny the application.

I. VERIZON'S POOR OSS AND WHOLESALE BILLING PERFORMANCE PRECLUDE A FINDING OF CHECKLIST COMPLIANCE

Verizon is preventing competitive entry through its inadequate and discriminatory OSS and billing performance. Section 271(c)(2)(B)(ii) ("Checklist Item ii") requires Verizon to provide "non-discriminatory access to network elements in accordance with the requirements of sections 251(c)(3) and 252(d)(1)."[3] The Commission has determined that "access to OSS functions falls squarely within an incumbent LEC's duty under section 251(c)(3) to provide unbundled network elements under terms and conditions that are nondiscriminatory and just and reasonable, and its duty under section 251(c)(4) to offer resale services without imposing any limitations or conditions that are discriminatory or unreasonable."[4] As part of its statutory obligation, Verizon must provide nondiscriminatory access to OSS functions that support each of the three modes of competitive entry envisioned by the 1996 Act, including UNEs, resale and competitor owned facilities. In making this evaluation, the Commission must determine whether Verizon has developed sufficient electronic functions to allow competing carriers equivalent access to all of the necessary OSS functions that Verizon itself accesses electronically, including billing functions.

---

3 47 U.S.C. § 271(c)(2)(B)(2).

4 *Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Service in the State of New York*, Memorandum Opinion and Order, 15 FCC Rcd 3953, 3990, at ¶ 84 (1999) ("*New York 271 Order*"), *aff'd sub nom. AT&T v. FCC*, 220 F.3d 607 (D.C. Cir. 2000).

The Commission has developed a two-step analysis to determine whether a BOC meets the nondiscrimination standard for each OSS function.[5] First, Verizon must demonstrate that it has deployed the necessary systems and personnel to provide sufficient access to each of the necessary OSS functions, and has adequately assisted competing carriers in understanding how to implement and use all of the OSS functions available to them.[6] Second, Verizon must prove, as a practical matter, that the OSS functions it has deployed are "operationally ready" to handle present and future demand.[7]

The second part of the Commission's analysis requires Verizon to provide evidence of "commercial readiness" to determine whether its OSS is "handling current demand and will be able to handle reasonably foreseeable future volumes."[8] Such evidence must include sufficient and reliable data on commercial usage, or in the absence of such, results of carrier-to-carrier testing, third-party testing and internal testing.[9]

A. Verizon's Substantial Billing Problems Preclude a Finding by the Commission that Verizon is in Compliance With Checklist Item II.

Verizon does not satisfy Checklist Item II, because it does not "provide competing carriers with complete and accurate reports on the service usage of competing carriers' customers in substantially the same time and manner that it provides to itself, and wholesale bills in a manner that gives competing carriers a meaningful opportunity to

---

5 *Id.*

6 *Id.*

7 *Id.* at 3992, ¶ 87.

8 *Id.* at 3997-98, ¶ 97.

9 *Id.*

compete."[10] Competing carriers have experienced repeated and persistent problems obtaining timely and accurate wholesale bills and complete usage fees.[11] As such, the Commission must conclude – as the Pennsylvania Public Utility Commission already has found that Verizon does not meet Checklist Item ii, and deny Verizon's application.

1. Verizon Does Not Provision Wholesale Billing in a Manner that Provides Carriers with a Meaningful Opportunity to Compete.

Competing carriers must receive accurate and timely wholesale bills from Verizon to have a meaningful opportunity to compete. To date, however, Verizon does not provide invoices to its carrier customers in a commercially reasonable manner. Instead, the invoices these carrier customers receive – if they receive an invoice from Verizon at all – are voluminous, difficult to decipher, and replete with errors. In light of these substantial billing problems, it is virtually impossible for carriers to compare their experiences in Pennsylvania with those in New York. As a fundamental matter, carriers in Pennsylvania are unable to review their invoices electronically, but there is a functioning electronic system in New York.

To compound these billing problems, Verizon often records the competing carrier – not the end user – as the end user customer, thus suggesting that Verizon's systems incorrectly capture and generate Billing Name and Address ("BNA") information. As discussed in greater

10 *Application of Verizon New England Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon Enterprise Solutions) and Verizon Global Networks Inc., For Authorization to Provide In-Region InterLATA Services in Massachusetts*, Memorandum Opinion and Order, CC Docket No. 01-9, FCC 01-130, at ¶ 97 (rel. Apr. 16, 2001) ("*Massachusetts 271 Order*").

11 This discussion focuses on the experiences of carriers that provide services to customers over the unbundled network element combination known as the UNE Platform ("UNE-P").

detail below, competing carriers have experienced at least the following problems as a result of Verizon's billing systems:

- Bills Verizon submits to carriers contain retail instead of wholesale rates;
- CLECs receive collection letters and calls for past due end user IXC bills;
- End user bills are sent to the carrier instead of the customer; and
- Invoices contain numerous incorrect charges including the following:
  - Incorrect USOCs, monthly recurring charges/other charges and credits;
  - Incorrect rates for usage;
  - Incorrect billing of taxes; and
  - Incorrect billing of IXC charges.

Competing carriers' problems with Verizon's billing in Pennsylvania, as well as Verizon's billing system itself, are substantially different and far greater than any billing issues that were present in the context of either the Verizon's Massachusetts or the New York Section 271 proceedings. As such, the Commission cannot rely on the findings in either proceeding to demonstrate that Verizon satisfies Checklist Item ii in Pennsylvania. As discussed below, the facts and circumstances demonstrate that Verizon's substantial wholesale billing problems preclude a finding that Verizon has satisfied Checklist Item ii.

a. **Verizon is Unable to Produce Wholesale Bills in a Commercially Reasonable Format.**

In Pennsylvania, competing carriers have the option of obtaining invoices from Verizon electronically (through the BOS/BDT system) or in paper format, neither of which Verizon generates in a commercially reasonable manner. To date, Verizon does not maintain a properly functioning electronic billing system. Verizon's electronic billing system as currently deployed does not conform to industry standards.[12] As a result, carriers often are unable to read the electronic bills received from Verizon.

Despite commitments made by Verizon, to date, Verizon has not modified its billing platform to conform to industry standards. Specifically, Verizon's release of the updated version of BOS/BDT (Version 35) allegedly was to have addressed issues regarding uniformity throughout Verizon-East. Competing carriers, however, have not experienced any appreciable improvements in Verizon's electronic billing as a result of Version 35. Verizon again has promised to modify BOS/BDT with the release of Version 36 which is not scheduled to be released until October. Carriers have little faith that these proposed modifications will improve Verizon's billing. Further, if the Commission grants Verizon's Pennsylvania 271 application, Verizon will have no incentive to improve its billing systems. At present, Verizon's electronic billing system is so riddled with errors that even Verizon could not state that the electronic invoices could be considered the "official bill of record."[13]

As one example, one of CompTel's members, Metropolitan Telecommunications ("MetTel"), is unable to read the electronic invoices Verizon provides to it. MetTel began receiving invoices electronically from Verizon in March 2001. To date, however, MetTel has

---

12 Telcordia established the industry standard for electronic billing. Competing carriers develop their own systems in accordance with the industry standard such that they can read the bills from carriers such as Verizon for additional information. *See* Declaration of Frank Lazzara at para. 4.c.

13 *Application of Verizon Pennsylvania, Inc., et al., for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the Commonwealth of Pennsylvania, Consultative Report of the Pennsylvania Public Utility Commission*, Dissenting Statement of Commissioner Fitzpatrick at 2.

been unable to read a single electronic invoice in its entirety, because Verizon's billing systems in Pennsylvania do not conform to the current industry standard. In those instances where MetTel has been able to view even a portion of the bill, it has found substantial errors in the invoices.[14] In contrast, MetTel - which uses the same platform to read its bills from Verizon-New York as well as those from Verizon-Pennsylvania – is able to read the invoices it receives from Verizon-New York, and has not found substantial errors within such invoices.

The billing problems carriers have experienced in Pennsylvania are distinct – and far greater – than any billing issues experienced in either New York or Massachusetts. For example, MetTel has been able to read the invoices from Verizon-New York, and has not found the same level of billing errors within these invoices. As such, the Commission cannot rely on either the New York or Massachusetts Section 271 proceeding as evidence that Verizon-Pennsylvania complies with Checklist Item ii. Verizon's current 271 application also is distinct from its previous 271 applications for the following reasons: (1) Verizon Pennsylvania, which is part of former Bell Atlantic-South territory, operates under a wholly separate billing system than Verizon-New York or Verizon-Massachusetts, both of which are located in old NYNEX (Bell Atlantic-North) territory; (2) carriers have not experienced the same problems in Verizon-New York as they have experienced in Pennsylvania; and (3) Verizon had adequately functioning electronic billing systems in place, which is not the case in Pennsylvania, at the time it filed its New York and Pennsylvania §271 applications.

14 *See* Declaration of Frank Lazzara at para. 6.b. These errors will be discussed more thoroughly below.

Until such time as Verizon generates electronic bills in accordance with industry standards, competing carriers are forced to rely on the voluminous paper bills provided to them by Verizon. Competing carriers, however, are substantially impaired in their opportunity to compete as a result of having to use the paper invoices generated by Verizon. First, as discussed more thoroughly below, these invoices are replete with errors, such that competing carriers are unable to rely on or reconcile the data contained therein, making it impossible for the carriers to bill their end users in a timely and accurate manner. Additionally, the use of paper bills prevents competing carriers from being able to reconcile charges to be paid by the CLEC to Verizon.

b. **The Invoices Verizon Submits to Competing Carriers Contain Substantial Errors.**

Competing carriers are unable to compete because the invoices they receive from Verizon for wholesale services contain substantial billing errors. For example, Verizon often bills competing carriers retail – not wholesale – rates for usage charges.[15] These errors occur most often in the context of regional calling and toll calls. Additionally, Verizon includes charges in competing carriers' invoices that should be charged only to the end user, including, for example, business yellow page directory listings, taxes, and universal service fees.[16]

Competing carriers are substantially impaired as a result of these numerous billing errors. Since carriers are unable to obtain readable electronic bills from Verizon, they must spend considerable time and resources reviewing each paper invoice manually, and must then

---

15 *See, e.g., Id.*

16 *Id. See also* AT&T Final Comments at 35 (filed in the Pennsylvania PUC proceeding) (stating that AT&T continues to receive only paper bills, because Verizon Pennsylvania is unable to produce a usable and accurate electronic format, and further, that the invoices AT&T receives contain substantial errors).

contact Verizon to reconcile the errors in the invoices. MetTel, for example, receives approximately 34,000 pages of bills each month for Pennsylvania alone, despite its relatively small customer base of approximately **XXXXX** customers.[17]

In many instances, the carrier is unable to determine what charges have been included or excluded from the invoice. These erroneous bills, in turn, prevent the competitor from remitting timely (and accurate) invoices to its end user customers. As such, these carriers have lost, and likely will continue to lose, substantial revenues because they are unable to bill their customers for all charges that were properly incurred.[18] Further, carriers are experiencing a higher rate of uncollectibles as a result of Verizon's billing. Ultimately, these billing problems threaten the goodwill toward competing carriers.

As noted earlier, competing carriers' experiences with billing systems in Pennsylvania are substantially different than their experiences with either the billing situation in New York or in Massachusetts. CompTel members have found that they must devote substantially more time addressing billing issues in Pennsylvania than in either New York or Massachusetts. In fact, the problems in Pennsylvania are so extreme, that any comparison to either New York or Massachusetts essentially is worthless. As an initial matter, Verizon had (and currently has) a functioning electronic billing system in place in both New York and Massachusetts when it filed each of the respective applications, and thus, carriers are able to read the invoices they receive from Verizon. In comparison, carriers cannot even read the invoices

[17] These numbers do not even reflect the extraneous materials Verizon also submits in addition to the customer invoices. *See also* AT&T OSS Declaration at ¶ 83 (stating that the mounds of paper invoices AT&T receives with each bill, make it impossible to review the bills for accuracy).

that they receive from Verizon regarding Pennsylvania, and instead, must sort through the materials by hand. This fact alone increases the time that must be devoted to reviewing invoices.[19]

Of those invoices carriers are able to read, or at least evaluate manually, overall, carriers have found bills in Pennsylvania to contain substantially more errors than bills for similar services in either New York or Massachusetts. The PriceWaterhouseCoopers report is unable to refute this fact. Instead, the report merely suggests that Verizon's electronic invoices can be reconciled somewhat with the paper invoices. The report does not address – or even attempt to state – that the data contained in either the electronic invoices or the paper bills is accurate. As such, the report does not provide any useful analysis for the purpose of reviewing Verizon's 271 application.

c. **Verizon Incorrectly Reports CLECs as the End User to IXCs.**

In some instances, a CLEC's end user customer will select a CLEC, such as MetTel, to provide his or her local service and select a different carrier, such as AT&T or MCI WorldCom, to provide the long distance service(s). In such a scenario the long distance carrier should obviously bill each MetTel subscriber directly. Unfortunately, due to errors and inaccuracies in Verizon's billing system, many long distance companies are advised by Verizon that MetTel is the end user, and the end user bills are sent to MetTel as a result.[20] Since MetTel

---

18 *See, e.g.*, Declaration of Frank Lazzara at ¶ 8.

19 *Id.* at ¶ 6.a.

20 This is apparently due to the VZ two-step process, which changes the name of the customer and then, later, changes the bill from retail to wholesale. Until the second step takes place, the CLEC is listed as the customer but the bill is never identified as anything other than a retail bill.

began providing service, it has been MetTel's experience that where MetTel provides the local service and a different carrier serves as the IXC, Verizon classifies MetTel, not the end user, as the billing end user.[21]

This results in significant harm to both MetTel and its end user customers. First, the end user subscriber's service sometimes is terminated, because the end user does not receive the bill, and the bill goes unpaid.[22] Second, since this problem manifests itself after a switch to MetTel, customers blame Met Tel and switch their service. MetTel's customer churn numbers further illustrate the significance of this problem; its churn rate when another carrier provides the long distance service is roughly *ten times* greater than the churn rate MetTel experiences when it has both the local and long distance service.[23]

MetTel also is viewed as a subscriber by other CLECs as well as Verizon itself as a result of Verizon's inaccurate billing systems. Thus, MetTel receives Welcome Letters and invoices from other CLECs and from Verizon. Additionally, Verizon itself treats MetTel as the end user customer, not the wholesale carrier, when submitting invoices to MetTel. For example, MetTel has received the following from Verizon: welcome letters; ILEC final bill refund checks; monthly invoices; dunning notices; and collection agency letters.[24] Each of these items should have been submitted to the end user customer, not to MetTel.

---

21 Approximately 10% of the lines that MetTel has in service in Pennsylvania were sent to MetTel instead of the end user as a result of Verizon's billing systems.

22 *See* Declaration of Frank Lazzara at ¶ 4.

23 *See Id.*

24 *See Id.*

d. Verizon's Billing Problems Cause Substantial Harm to Competing Carriers.

Verizon's billing problems are more than just an overcharge or an omission here or there, but instead are so significant as to cause substantial harm to competing carriers. As a result of Verizon's billing problems, competing carriers experience substantial customer churn. As stated above, Verizon often records MetTel as the end user subscriber, such that IXCs bill MetTel, not the end user. Verizon does not fix these BNA errors, and as such, ultimately, the customer loses his or her service. In those situations, the customer blames MetTel, and selects a different carrier. As such, these billing problems make Verizon's winback efforts more successful, and also result in a general loss of goodwill to the competing carrier.

Competing carriers are further harmed because they are unable to collect all charges properly due to them, because Verizon does not accurately record and submit invoices containing these charges to the competing carrier. Verizon's billing errors also result in a higher rate of uncollectibles for the charges competing carriers bill as well as an increased rate of write-offs. Verizon's billing problem also impairs a competitor's ability to grow.[25] ** XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX. **

Furthermore, Verizon's billing problems ultimately have a substantial impact on investor relations.[26] Competing carriers, particularly new entrants and smaller carriers, rely on

---

25 *Id.* at ¶ 5.

26 *Id.* at ¶ 8.

investors for continued monetary backing. To continue to receive the necessary financing, a carrier must be able to project anticipated revenues for a specified period of time, and demonstrate to the lenders that the carrier has met or can meet the projected revenues. Without accurate billing information, carriers are unable to provide information to lenders that is critical to a carrier's continued ability to obtain financing.

2. The Commission Cannot Rely on Verizon's Promises of Future Improvements.

Verizon does not comply with Checklist Item ii, and therefore, the Commission must deny Verizon's Pennsylvania 271 application. In evaluating Verizon's application, the Commission must rely on Verizon's current state of compliance and cannot rely on any future promises from Verizon. The Commission explicitly has stated,

> [A] BOC's promises of *future* performance to address particular concerns raised by commenters have no probative value in demonstrating its *present* compliance with the requirements of Section 271. In order to gain in-region, interLATA authority, a BOC must support its application with actual evidence demonstrating its present compliance with the statutory conditions for entry, instead of prospective evidence that is contingent upon future behavior. Thus, we must be able to make a determination based on the evidence in the record that a BOC has actually demonstrated compliance with the requirements of Section 271.[27]

Since the Pennsylvania PUC recommended Verizon's section 271 application based on a "promise" that Verizon would improve its billing to competing carriers, the Commission cannot view the Pennsylvania PUC's decision as a statement that Verizon has satisfied the Checklist Items. The Pennsylvania PUC's decision violates the fundamental principles underlying section

[27] *Bell Atlantic 271 Order,* 15 FCC Rcd at 3953 (emphasis added).

271 authority: that the carrier, in fact, has satisfied each checklist item at the time of the application, and not at some point in the future.

In granting Verizon's 271 petition, over objections from two different commissioners who found that Verizon had not met Checklist Item ii, the Pennsylvania PUC relied upon Verizon's "promise" to correct its billing systems.[28] Yet, to date, almost a month after Verizon should have again corrected the deficiencies in its electronic billing system, carriers still are unable to read invoices electronically. Further, the next modifications to the billing system are not scheduled to occur until October 2001. As such, despite promises to the Pennsylvania PUC, Verizon clearly has not fixed the errors in its billing system, and the Commission cannot – and must not – rely on future promises of compliance when evaluating Verizon's 271 application.

Verizon knew of its billing problems at the time it submitted its application for 271 authority, and should not have submitted its application until it had remedied such errors. As demonstrated above, Verizon's billing system, which is replete with problems and generates documents with substantial billing errors, has a substantial impact on a carrier's ability to compete in the marketplace. Carriers have raised billing problems with Verizon on numerous occasions, but, despite Verizon's promises, it has yet to remedy these issues. For example, despite several upgrades (each of which has been delayed), and promises of what each upgrade will bring, carriers still do not have access to electronic bills or even accurate paper bills. The only incentive Verizon has to correct its billing systems is for the Commission to deny Verizon's

[28] *See also Statement of Commissioner Terrance J. Fitzpatrick Concurring in Part, and Dissenting in Part* at 2.

Pennsylvania 271 application. Once the Commission grants Verizon's 271 application, Verizon will have no incentive to correct its billing systems, and will continue to delay making the necessary modifications such that carriers can compete in the marketplace.

Furthermore, as the dissenting Commissioners in the Pennsylvania PUC proceeding concluded, Verizon must demonstrate that it can complete at least two billing cycles successfully prior to having demonstrated that the billing systems function properly. Absent allowing at least two billing cycles, as Commissioner Brownwell stated, otherwise, "without confidence that the billing systems are absolutely able to deliver adequate services and billing support to its customers, I cannot see how the market can work."[29] In addition to completing two billing cycles, Verizon must work with carriers to reconcile the statements it has sent to such carriers over the past year, which contain numerous erroneous charges.

B. Verizon Does Not Provide Accurate Reports on the Service Usage of Competing Carriers' Customers.

Verizon does not provide accurate reports on the service usage of competing carriers' customers in substantially the same time and manner as it provides to itself. The Commission has determined that usage information should be provided through the same or similar mechanisms the RBOC uses to provide wholesale billing information to its retail

[29] Consultative Report on Application of Verizon Pennsylvania, Inc. for FCC Authorization to Provide In-Region Inter-LATA Service in Pennsylvania, *Dissenting Statement of Commissioner Nora Mean Brownell* at 1; *see also Statement of Commissioner Terrance J. Fitzpatrick Concurring in Part, and Dissenting in Part.*

operations.[30] Similar to the problems discussed above, carriers also have had substantial difficulty obtaining reliable and accurate usage tapes from Verizon.[31] In fact, in many instances, carriers do not receive any tapes whatsoever. For example, as MetTel explained in its comments in the Pennsylvania proceeding, MetTel has not been receiving all of its usage records. Instead, Verizon sends – and bills for – empty usage tapes. Additionally, these tapes did not contain any records of directory assistance, call return, or other one-time service usage.[32] In many instances carriers such as MetTel are unable to reconcile the tapes with Verizon, because Verizon does not have sufficient data. As the Pennsylvania PUC noted, in some cases carriers have had to estimate the amount of money owed to Verizon, and Verizon has accepted these estimates because it does not maintain sufficient records.[33]

---

30 In New York, for example, the Commission found that the wholesale billing information provided by Bell Atlantic to competing carriers through Daily Usage Files ("DUFs") was complete and accurate, and therefore satisfied the nondiscrimination standard. *New York 271 Order* at ¶ 226. Specifically, Bell Atlantic produced periodic, aggregated bills that itemized the charges incurred by customers of competing carriers in a particular area, as well as charges for products and services ordered by the carrier itself. Furthermore, Bell Atlantic implemented a process for handling inquiries and complaints by competing carriers relating to erroneous usage information, and for making necessary billing corrections or adjustments. *See New York 271 Order* at ¶ 95. In that case, Bell Atlantic provided wholesale billing by the same mechanisms used to provide billing information to its retail operations. *New York 271 Order* at ¶ 226. In reviewing the SWBT Texas application, the Commission found that billing information provided by SWBT to competing carriers through the Usage Extract process was complete and accurate, even though SWBT provided such information by mechanisms *similar* to those used in its retail operations. *See Texas 271 Order* at ¶ 210.

31 Verizon submits usage tapes to competing carriers electronically. In contrast to the electronic wholesale billing problems, carriers are able to read the electronic usage tapes from Verizon, and thus, do not have an issue with the format of the tapes. Instead, carriers are concerned about the content of the tapes.

32 Declaration of Frank Lazzara at ¶ 7.

33 *See, e.g.,* Consultative Report on Application of Verizon Pennsylvania, Inc. for FCC Authorization to Provide In-Region Inter-Lata Service in Pennsylvania, Statement of Commissioner Terrance J. Fitzpatrick at 2.

Verizon's provisioning of usage tapes to competing carriers cannot be said to be at parity with the services it provides to itself. Were this the case, Verizon, as is the situation with competing carriers, would be unable to bill its own end user customers, which clearly is not the case. Despite Verizon's recognition of the numerous billing problems, Verizon's alleged "fixes" of the numerous problems have not resulted in any appreciable change in the number of errors contained in the bills. Further, Verizon refuses to correct and recapture previous billing data to deliver valid invoices for previous months. As such, carriers are unable to discern the appropriate amount to bill their end user customers, and thus lose substantial revenues. Verizon's billing problems create substantial hardships for competitors, because they are unable to accurately bill their end user customers, obtain appropriate compensation for the services that have been rendered, or recoup the costs incurred in addressing these billing errors. In sum, Verizon's conduct makes it impossible for carriers to compete in Pennsylvania.

C. Verizon Fails to Provide Accurate Completion Notices.

Despite the fact that completion notices serve an absolutely vital function, Verizon delivers such notices without regard to whether the work has actually been completed. Verizon continues to have difficulty with both the Provisioning Completion Notice, which should specify the date on which the actual service provisioning work is completed, and the Billing Completion Notice, that indicates when the customer migration is complete. The billing completion notice, therefore, represents to the receiving carrier that the order can been provisioned and entered into the billing system, and that the customer has been fully migrated to the competitor. Unfortunately, this representation is often false.

An analysis of end user usage data performed by CompTel member MetTel reveals that Verizon often sends false completion notices. Once an order has been completed in the billing system, accrued end user usage will be reported to the competitor so that the end user can be appropriately billed – this customer usage is perhaps the best indicator that the actual provisioning has taken place.[34] MetTel's analysis reveals, however, that 14% of the end users who migrated to MetTel in Pennsylvania during the period November, 2000, to May, 2001, had no reported usage for at least three days after the date indicated in the Verizon billing completion notice.[35] In fact, almost half of these new customers had their usage accrual delayed at least seven days, while MetTel never received usage on more than 2% of the migrated accounts.[36]

The accuracy of Verizon's billing completion notices is even worse in the case of customers whose service has been suspended for non-payment. Almost 30% of these customers have continued to accrue usage, billed to MetTel, following the date indicated on the Verizon billing completion notice.[37] If the Verizon notice was accurate, this number would be 0%.

The importance of these completion notices cannot be overstated. Without accurate completion notices competitors cannot manage the relationship with their end users, and cannot respond to simple inquiries such as identification of the service initiation date. More

34 The usage data used in this analysis was drawn from the Verizon Daily Usage Feed. The usage information includes the dates and times of telephone calls placed by the end users. While it is true that some customers may have not made calls during the period immediately following the cutover, the consistently high level of the missed usage indicates that this cannot account for all of these instances. *See generally* Declaration of Elliot Goldberg, attached hereto ("*Goldberg Declaration*").

35 *Goldberg Declaration* at 2.

36 *Id.*

37 *Id.*

disconcerting from an end user standpoint is the likelihood of double billing that results when the customer remains in the Verizon billing system after Verizon has notified the competitor that the customer has been migrated. The revenue impact is also readily apparent, in that competitors cannot bill for usage-sensitive charges without the missing usage data.

D. Verizon's Completion Notices are Untimely.

Verizon's Provisioning and Billing Completion Notices are not delivered in a timely manner. CompTel member MetTel reports that, despite that fact that its orders are primarily basic non-dispatch orders, it frequently fails to receive timely notices. It takes Verizon two or more business days, for example, to provide notice that an order has been provisioned for approximately 12% of the MetTel orders, and more than 27 days for 5% of the orders.[38] Verizon's performance in providing billing completion notices is even worse, taking two or more business days to confirm billing completion for over 34% of the MetTel orders, and more than 30 days for 5% of the orders.[39]

E. Verizon Fails to Provide Timely or Accurate Responses to Status Inquiries.

Once Verizon fails to provide a provisioning or billing completion notice, competitors issue trouble tickets in an attempt to determine the status of the order. As the Declaration of Elliot Goldberg of MetTel confirms, the process of opening trouble tickets to

---

38 *Id.* at 5. MetTel, in fact, does not receive any confirmation for more than 1% of its orders.

39 *Id.* at 5.

obtain status information was created by Verizon.[40] Despite this fact, Verizon fails to respond to these status inquiries with any greater reliability than it does for the completion notice itself.

During the period November, 2000, through May, 2001, Verizon cleared only 23% of the Purchase Order Numbers on trouble tickets submitted by MetTel within the three day standard.[41] Verizon, in fact, does not meet the standard of clearing 90% of pending trouble tickets until 27 days have passed – more than twenty days beyond the target interval.[42]

In addition to being untimely, the status information that Verizon does provide is inaccurate, in that it simply fails to reflect the actual status of the order. Of the inquiries submitted by MetTel, almost 84% of the requests that should have resulted in the provision of a billing completion notice were returned with an incorrect status.[43]

Without timely and accurate responses to missing notice inquiries, competitors are severely hampered in their ability to provide a satisfactory level of customer service. In light of the problems Verizon has in providing timely and accurate completion notices in the first instance, the Commission certainly cannot condone such unresponsive and inaccurate behavior to competitors' requests for the status of orders that are otherwise "missing in action."

---

40 *Goldberg Declaration* at 6.

41 *Id.* (*citing In the Matter of New York Telephone Company, d/b/a Bell Atlantic-NY,* Order and Consent Decree, FCC 00-92 (rel. Mar. 9, 2000)).

42 *Goldberg Declaration* at 6.

43 *Id.* at 7. Similarly, almost 28% of the provisioning completion inquiries contained inaccurate information.